

**BEFORE THE TENNESSEE REGULATORY AUTHORITY**

**NASHVILLE, TENNESSEE**

**JULY 27, 2001**

<b>IN RE:</b>	)	
	)	
<b>BELLSOUTH TELECOMMUNICATIONS, INC.</b>	)	<b>DOCKET NO.</b>
<b>TARIFF TO OFFER CONTRACT SERVICE</b>	)	<b>01-00180</b>
<b>ARRANGEMENT (TN00-7477-01)</b>	)	

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**ORDER GRANTING APPROVAL OF BELLSOUTH  
CONTRACT SERVICE ARRANGEMENT (TN00-7477-01)**

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This matter came before the Tennessee Regulatory Authority ("Authority") at a regularly scheduled Authority Conference on March 6, 2001 on the tariff filing of BellSouth Telecommunications, Inc. ("BellSouth") for approval to offer Contract Service Arrangement No. TN00-7477-01 ("CSA"). BellSouth filed Tariff No. 01-00180 on February 23, 2001, with a proposed effective date of March 26, 2001.

Based upon careful consideration of the tariff filing and the attachments thereto, the Authority made the following findings and conclusions:

1. The purpose of this CSA is to provide Primary Rate Integrated Services Digital Network ("ISDN") service to the customer identified in the filing. Primary Rate ISDN service supports the simultaneous transmission of voice, data, and packet services on the same exchange access line.

2. The term of this CSA is thirty-six (36) months with two (2) one (1) year renewal options. The CSA has language indicating that the customer and BellSouth are aware that any renewal is contingent on approval by the Authority.

3. Through this CSA, BellSouth is offering the customer a twenty-two and five tenths percent (22.5%) discount on recurring charges and a waiver of non-recurring charges.

4. In its February 23, 2001 cover letter included with the CSA filing, BellSouth agreed to notify the customer<sup>1</sup> that upon early termination of the CSA without cause, the lesser of the following termination liability charges would apply:

- a. The amounts specified in the CSA the customer signed;<sup>2</sup>
- b. The total of the repayment of discounts received during the previous twelve (12) months of service, the repayment of the prorated amount of any waived or discounted non-recurring charges, and the repayment of the prorated amount of any documented contract preparation, implementation and tracking, or similar charges; or
- c. Six percent (6%) of the total CSA amount.

5. BellSouth provided an addendum executed by the customer stating that the customer was aware of competitive alternatives available to it in Tennessee and that the customer and BellSouth have agreed on the termination provisions and that the termination charges represent a reasonable estimate of BellSouth's damages in the event of termination.

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<sup>1</sup> BellSouth also agreed during the October 24, 2000 Authority Conference that it would send the notice to the customer upon approval of the CSA by the Authority. See Transcript of Proceedings, Oct. 24, 2000, p. 15 (Authority Conference). On April 4, 2001, BellSouth provided the Authority with a copy of the notification letter BellSouth sent to the customer.

<sup>2</sup> An addendum to this CSA defines the applicable termination charges as follows:  
the lesser of (A) the sum of the repayment of discounts received during the previous 12 months of the service, the repayment of any waived or discounted non-recurring charges set forth in Note 2 of the Agreement, and the repayment of the pro-rated contract preparation charge set forth in Note 2 of the Agreement; or (B) six percent (6%) of the total Agreement amount.

6. BellSouth supplied cost data which indicates that the price of services offered under the CSA exceed their long-run incremental costs. This data indicates that BellSouth has complied with the statutory price floor established in Tenn. Code Ann. § 65-5-208(c).

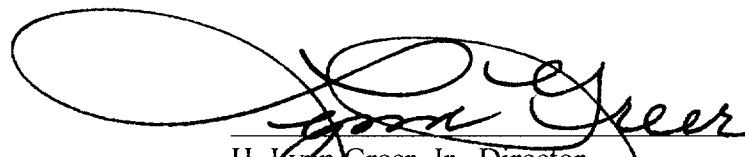
7. No parties sought to intervene in this docket.

Based upon the foregoing, the Directors of the Authority unanimously determined that the CSA in this docket should be granted.

**IT IS THEREFORE ORDERED THAT:**

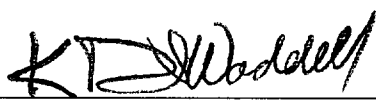
BellSouth Telecommunications, Inc.'s Tariff No. 01-00180, which seeks approval of Contract Service Arrangement No. TN00-7477-01 is hereby granted.

  
Sara Kyle, Chairman

  
H. Lynn Greer, Jr., Director

  
Melvin J. Malone, Director<sup>3</sup>

ATTEST:

  
K. David Waddell, Executive Secretary

<sup>3</sup> Although he again expressed his concern with the Agency's long term delay in addressing and resolving the various legal and policy issues raised in BellSouth's CSA and tariff termination provisions, Director Malone moved for approval of the CSA, conditioned upon certain reasonable modifications to the termination provisions. This motion failed for lack of a second.